

March 5, 2020

**National Automatic Merchandising Association Testimony
Maryland House of Delegates
Ways and Means Committee**

**Re: HB 1284 – State Tax Credit, Exemptions, and Deductions – Alterations and
Repeal (Tax Modernization Act)**

Prepared Testimony:

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Good Afternoon Committee Members:

My name is Wes Fisher, and I am the Government Affairs Manager at NAMA, the National Automatic Merchandising Association.

On behalf of NAMA, representing hundreds of large and small businesses that provide convenience services to thousands of customers in Maryland each day. I appreciate the opportunity to deliver the following testimony.

Founded in 1936, NAMA is the association representing the \$26 billion U.S. convenience services industry, with its core membership being comprised of owners and operators of vending machines, micro markets, office coffee, tea, water, and pantry service companies. In Maryland, the convenience services industry represents over \$380 million in annual economic impact and employs over 2,500 Marylanders. NAMA works to promote the convenience services industry across the nation.

NAMA is proactive in implementing programming and partnering with our members on voluntary programming related to public health. Knowing that nearly 40 million Americans consume products from vending daily, NAMA, with the support of the **Partnership for a Healthier America** and the **Alliance for a Healthier Generation**, announced that it has adopted a public health commitment to substantially increase the percentage of ‘better for you’ offerings to 33% in the nation's vending machines. The commitment, implemented over

the next three years, represents a nearly 40% increase over current levels of 'better for you' offerings.

We would like to urge the committee to oppose this legislation, which would make it much harder to operate vending locations across the state, by repealing a long standing sales tax exemption for vending machines, which is used widely in states across the nation because vending machines are unable to charge sales tax.

The convenience services industry is uniquely impacted by this legislation. Due to the way vending machines accept payment, operators are unable to charge sales tax at the point of sale, which results in higher prices. Additionally, recordkeeping and reporting can become very complex if there is widely varying sales tax treatment of the many different types of items in vending machines, burdening many small businesses with increased compliance costs. With no way to offset these costs, it will likely be passed on to the consumer by raising the price of the product at point of sale. The impact is that vending machine operators likely have to raise prices to offset this costs that other companies can add at the point of purchase, placing vending operators at a disadvantage in the marketplace.

As mentioned, the majority of operator companies in the industry are small businesses that would incur great costs by the potential loss sales due to higher prices. One of the programs potentially impacted would be the Randolph Sheppard Blind Vendor Program which allows for blind and visually impaired individuals to operate vending locations in State and Federal Government buildings. Loss of revenue to these vending operators would not only negatively impact their personal income but also revenue of the Maryland Enterprise Program for the Blind

In conclusion, we ask that you reconsider moving this legislation forward, or at least the repeal of this particular exemption. Thank you for allowing NAMA to testify and considering the negative impact of this legislation on the convenience services industry in Maryland. Thank you for your service to the State of Maryland, we look forward to engaging with you further on this legislation.